

Board of Directors' Meeting Notes for August 20, 2018

Board of Directors: Stephanie Mood, Andi Briceno, Jamie Decker, Derek Casady, Sarela Bonilla, Merrin Muxlow, Lynn Wade, and Steve Myrick.

Staff: Jim Kase and Gloria Isselhard.

Guests: Paul Maschel and Phillip Gianopulos

Old Business

Executive Session Report: Stephanie reported that at an executive session in July, the board voted to hire a consultant from Co-op Development Services to analyze the health of the Co-op.

Outreach & Education Committee

Andi asked for suggestions as to how the board could reach out to the community and increase our member-owners' engagement in the Co-op.

Andi asked for opinions regarding the continuation of People's scholarship fund. Last year she and Stephanie contacted Pt. Loma High School and Hi-Tech High, the scholarship was announced via social media, and we awarded two \$1,000 scholarships to the winning applicants.

Andi circulated a sign-up sheet for board members to volunteer at People's 46th birthday celebration, scheduled for Saturday, August 18.

Andi asked that those who wanted to receive the meeting agenda electronically contact her. The printed agenda is still available to those who prefer it.

Jim reported that when the Greenpeace ship, The Arctic Sunrise, was docked in San Diego they contacted People's to supply them with much of their food needs and that the bill totaled approximately \$4,000.

Planning Committee

Derek made a motion that the committee recommend to the Finance Committee that the board approve an expenditure of up to \$2,200 to install a sandwich and salad prep table at the O.B. Garden Café. Steve seconded. Vote: passed unanimously.

Stephanie distributed copies of the board's annual calendar and asked that everyone retain it for review and update in the future.

Finance Committee

Steve reviewed the July 2018 financial reports. Total revenue was down 3.5% for the month compared to July 2017 and down 6% year-to-date. Total cost of sales for July was down 1% and down 4.5% year-to-date. Gross profit was down 7% and 8% respectively. Sales per paid labor hour was \$81.89 compared to \$87.51 last year. Labor to sales ratio for the month of July was 27.72% compared to 25.33% in July 2017. Year-to-date it was 27.31% compared to 24.96% in 2017. Electricity was up both in use and cost, and gas and water costs were down, with the total cost up by 17.36% for the month and up 13.18% year-to-date. The Co-op's duplex property had the usual income and expenses.

Steve made a motion that the board approve the "Six Month Budget Adjustment." Derek seconded. Vote: passed unanimously.

Steve made a motion that the board approve up to \$2,200.00 for a sandwich and salad

prep table for the O.B. Garden Café. Derek seconded. Vote: passed unanimously.

Nominating Committee

Jamie reported that the committee had been considering a proposal for on-line voting, but decided to table the matter at this time. However, they will send out reminders to vote via email. A notice to vote will also be announced in the March 2019 “Special Election” issue of People’s newsletter.

A notice was published in the July and August issues of the newsletter calling for owners who are interested to join the committee. A call for candidates for the 2019 Board of Directors’ election will be published in the October and November issues of newsletter. The O.B. Garden Café was suggested as the location for the candidates’ Meet & Greet in March 2019.

General Manager’s Operation Report

August sales were down compared to August of 2017 by about 6 %, in line with the year-to-date trends. People’s Field to Fork produce discount days were held on August 25 and 26, which resulted in nearly \$90,000 in sales over that weekend. Sales were up in all major departments that weekend as well, with whole store gross sales up by just over 4% compared to the same weekend in 2017. Cost of sales was down 8% compared to 2017 and are down 5% year-to-date. While most major labor costs were down compared to August 2017 and the labor total for the month down just over 4%, the percentage of sales was slightly higher than last year due to the sales decline.

August continued the trend of July with more hot and humid weather, which also continued to play havoc with our refrigeration equipment. Several service calls were required during the month as equipment struggled in the warm, humid air. The down time of several cold display cases throughout the month had a negative impact on sales. Shoppers and staff also felt the heat during the month. Extra fans have been added on the sales floor to enhance air movement and keep the Co-op as cool as possible. An electrical engineering consultant, who is also a Co-op owner, assessed the current state of our solar panel array and found that almost a third of our inverters are not functioning properly. He will be collecting more data from the solar system in the next few weeks and will make recommendations to restore the inverters to as close to original their functionality as possible. Replacing the solar equipment is not an option at this point in time.

Jeanie Wells, a consultant from Cooperative Development Services (CDS), visited our market and café in mid-August. She analyzed business operations as well as the board and general manager relationship. CDS is a group of consultants that assists co-ops with data, tools and strategies that help them align their mission, culture and brand. Her report will be used by management and the board to address areas of needed improvement to ensure that we adequately serve our owners and the community, as well as operate in a manner that produces sound fiscal results now and into the future. Her visit was very timely considering the new retail reality in which we operate.

August also saw the celebration of People’s 46th birthday. The event was well attended as usual with staff and board members serving veggie burgers with all the fixings as well as macaroni salad, chips, watermelon, fizzy drinks, and birthday cake from People’s award-winning deli. The O.B. Garden Café joined the celebration by handing out free organic apple, carrot, ginger juice. Face painting, balloon artists and jazz from Bryan Gambell’s Cookin’ Quintet rounded out the party.